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First Selectman
TOWN OF ROXBURY
Testimony before the Finance Committee
March 15, 2010

SB-434 –MUNICIPAL REAL ESTATE CONVEYANCE TAX

As First Selectman of the Town of Roxbury, and as Vice President of the Board of Directors of the Connecticut Council of Small Towns (COST), as well as Chairman of the Northwestern Connecticut Council of Governments (NWCCOG) I urge your support for SB-434, **AN ACT CONCERNING THE MUNICIPAL SHARE OF THE REAL ESTATE CONVEYANCE TAX.**

The increase in the real estate conveyance tax was implemented in 2003, at no cost to the State, when State aid to municipalities was dramatically reduced. Municipalities required a new revenue source to prevent severe cuts in local services or steep hikes in property taxes.

These two items still ring true today in 2010.

The tax, which promised to “sunset” in 2008, did not. It was held off for 2 years and is scheduled to sunset in June of this year. We’ve been asking to sunset the unfunded mandates on municipalities not the needed help – which again, does not cost the State anything.

This bill will make permanent the increase in the municipal conveyance tax, which provides a significant revenue source for our town as well as other towns and cities across the state.

Some legislators who would like to see this sunset take place argue that it is not a “stable” revenue stream. We’ve been told we need to find a stable revenue stream. Until that time comes, we’ll take unstable, along with every other revenue stream that fluctuates from year to year, with State aid being in the forefront along with interest on investments. Municipalities deal with it annually.

We believe that the locally collected real estate conveyance tax at the level of .25% of sales price should remain as an appropriate component of State assistance to municipalities. This increase, which is still only half of what the State of Connecticut receives on a transaction, has been a critical revenue source over the past few years.

Therefore, we urge lawmakers to make this tax permanent so that we don’t have to keep fighting every one or two years for this important source of revenue and be concerned about whether or not this is year for the “sunset.”

Thank you for your consideration.